

Hearing Date: February 10, 2010 at 10:00 a.m.

Dennis F. Dunne
Evan R. Fleck
Dennis C. O'Donnell
MILBANK, TWEED, HADLEY & M^cCLOY LLP
1 Chase Manhattan Plaza
New York, New York 10005
Telephone: (212) 530-5000

Counsel for Official Committee of Unsecured
Creditors of Lehman Brothers Holdings Inc., et al.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----	X	
	:	
In re:	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----	X	

**STATEMENT OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS
IN SUPPORT OF MOTION OF LEHMAN BROTHERS HOLDINGS INC. TO
AMEND THE ORDER AUTHORIZING DEBTORS TO ESTABLISH
PROCEDURES TO SELL OR ABANDON *DE MINIMIS* ASSETS**

TO THE HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Unsecured Creditors (the "Committee") appointed in the chapter 11 cases (the "Chapter 11 Cases") of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated chapter 11 debtors, as debtors and debtors in possession (collectively, the "Debtors") and, together with LBHI's wholly owned non-Debtor domestic subsidiaries, "Lehman"), hereby files this statement (the "Statement") in support of the Debtors' motion, dated January 20, 2010 [Docket No. 6710] (the "Motion"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), to amend the Order Pursuant to Sections 105, 363, and 554(a) of the Bankruptcy Code Establishing

Procedures for *De Minimis* Asset Sales and Abandonments [Docket No. 4021] (the “Existing Order”) to permit the Debtors, without further advance notice, to (i) sell certain properties (the “REO Properties”) whose value is \$850,000 or less, as measured by the lesser of (x) the amount of consideration received by the debtors (the “Sale Price”) or (y) the ledger value as recorded by the Debtors (the “Book Value”), and (ii) lease REO Properties to third parties for a term of not more than one (1) year. In support of the Motion, the Committee respectfully states as follows:

BACKGROUND

1. Commencing on September 15, 2008, and periodically thereafter (as applicable, the “Petition Date”), LBHI and certain of its affiliates commenced in this Court voluntary cases under chapter 11 the Bankruptcy Code.
2. On September 17, 2008, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed the Committee.
3. On January 29, 2009, the U.S. Trustee appointed Anton R. Valukas as examiner in the Chapter 11 Cases (the “Examiner”) and, by order dated January 20, 2009 [Docket No. 2583], the Court approved the U.S. Trustee’s appointment of the Examiner.
4. On June 17, 2009, the Court entered the Existing Order, pursuant to which the Debtors have been permitted to abandon or sell certain *de minimis* assets without a motion and hearing. Pursuant to the Existing Order, among other things, the Debtors are permitted to sell assets whose Sale Price or Book Value is less than or equal to \$300,000 without further notice to any parties in interest (the “Non-Noticed Sales”). The Debtors are also permitted to sell assets whose Sale Price or Book Value is greater than \$300,000 and less than or equal to \$2 million after ten (10) days’ notice to certain parties in interest, including the Committee (the

“Noticed Sales”). The Debtors are obligated to include the Noticed Sales in a monthly report filed with the Court (the “Monthly Report”).

5. Following discussions with the Committee and its advisors, the Debtors filed the Motion. By the Motion, the Debtors seek to amend the Existing Order such that REO Properties whose Sale Price or Book Value is less than or equal to \$850,000 and which the Existing Order treats as Noticed Sales may instead be sold as Non-Noticed Sales. Such sales would continue to be included in the Monthly Reports. The Debtors also seek to amend the Existing Order to permit the Debtors to enter into leases with respect to the REO Properties for terms of up to one (1) year, in order to permit values to recover, so that the Debtors’ estates may ultimately realize more value from the REO Properties (collectively, the “Amended Procedures”).

STATEMENT

1. The Committee supports the relief requested in the Motion because the proposed Amended Procedures will maximize recovery to the Debtors’ estates for the benefit of unsecured creditors. In advance of the filing of the Motion, the Committee and its advisors have extensively reviewed the terms of the proposed Amended Procedures, as well as the REO Properties themselves, and worked cooperatively with the Debtors to address the Committee’s concerns. In the Committee’s view, the Amended Procedures may improve the estates’ recoveries, by allowing the Debtors to consummate more efficiently the sales of the REO Properties, which are primarily single family residences, and, therefore, attract a wider pool of potential buyers. Additionally, allowing the Debtors to generate income through leases would alleviate some of the pressure to sell REO Properties in depressed markets that the Debtors believe will ultimately recover.

CONCLUSION

For all the foregoing reasons, the Committee respectfully requests that the Court grant (i) the relief requested in the Motion; and (ii) such other relief as is just and proper.

Dated: New York, New York
February 5, 2010

MILBANK, TWEED, HADLEY & M^cCLOY LLP

By: /s/ Dennis F. Dunne

Dennis F. Dunne

Evan R. Fleck

Dennis C. O'Donnell

1 Chase Manhattan Plaza

New York, New York 10005

Telephone: (212) 530-5000

Counsel for Official Committee of Unsecured
Creditors of Lehman Brothers Holdings Inc., et al.